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UNITED NATIONS DEVELOPMENT PROGRAMME

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ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
ARGENTINA

IPF: (1992-96) $ 9 455 000

(ARG/88/008) - Strengthening the General Tax Revenue Directorate
(Supplementary Assistance)

Date of approval by the AC:[1]	2 October 1991
Expected duration:	Four years
Proposed executing agency:	Government
Government implementing agency:	Dirección General Impositiva (DGI)
Proposed UNDP contribution:	Nil
Government cost sharing:	$ 4 234 600
Previous UNDP contribution:	$ 900 300
Total UNDP budget:	$ 5 134 900

Project background

The economic adjustment programme currently under implementation in Argentina with financing from IBRD and the IMF emphasizes increased internal revenue generation as a sine qua non for its success. As part of the measures put into operation in the late 1980s the Government of Argentina initiated a reform programme related to the restructuring of the public sector and especially the tax system and the management thereof, which will contribute towards a sustained increase of internal revenue generation through direct and indirect taxation. The continuous economic crises had gradually led to unsustainable levels of tax evasion and elusion. Tax simplification and the establishment of a new penal legislation are the main instruments of the tax reform initiated in October 1989.

The programme for strengthening the General Tax Revenue Directorate (DGI) is aimed at increasing the operational capacity of this national tax collection and inspection agency for the effective implementation of the tax reform. The main problems identified by the DGI stem from the lack of adequate and opportune information to systematically monitor tax payment of at least the largest taxpayers in the country. With access to such information, the DGI will increase revenue only marginally since the internal systems applied are so cumbersome that the available information will only be of value with the introduction of an efficient computerized system for checking the 1,000 Largest Taxpayers which accounts for 50 percent of the revenue during a first stage and eventually increasing the number to 30,000/35,000 Large Taxpayers throughout the country.

The DGI has neither standard internal auditing programmes nor administrative control systems in place, and its human resources are inadequately trained to carry out a sustained

[1] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

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effort of monitoring tax payments which accentuates the need for generalized training in order to attain the required quality levels. The DGI, the Ministry of Economy, IBRD and the IMF attach great importance to this Programme as a centrepiece in the Argentinean adjustment process. To finance this package an IBRD Loan 3015-AR totalling (US)$ 6.5 million was signed in October 1989 for which a MSA (ARG/89/RO2 - Strengthening of the DGI) was signed with UNDP/OPS in the amount of (US)$ 3,068,100 for the purchase of 200 PCs and standard software.

In January 1989 the technical assistance project (ARG/88/008) was signed with a budget of (US)$ 697,250 financed from IBRD/PPF to cover necessary preparatory activities for the formulation of the programme with IBRD. To continue this assistance the Government requested extension of the project under the present approval.

Description of project

The development objective of the project is to include up to 30,000/35,000 large taxpayers distributed geographically throughout 14 regions of the interior as well as the strengthening of 16 agencies in the Federal Capital and Greater Buenos Aires and six operational units of fiscal interest, and interconnect the system to the central host computer of the DGI.

The immediate objectives of the project remain to : (a) set up a programme for tax payment management and control, at a first stage, of the 2000 Largest Taxpayers (DOSMIL-component); (b) develop an internal control and management system, computerization of the budgetary functions and improve the Internal Auditing tasks (AUDINT Component); (c) develop fiscal auditing procedures for identifying gaps in tax payment evasion and design of control systems to render the procedures more effective (METFIS Component); (d) design and implement an Integrated System for the Control of Fiscal Duties (SICOFI) including the necessary equipment (EQUIPA component); (e) select new inspectors, programmers and analysts (SELPER component); and (f) train DGI personnel and officials (CAPPER component).

Inputs

UNDP will provide one expert (one man-month) and 17 consultants in related revenue areas and administrative support; a subcontract for computer systems based on a turnkey approach; an IBM computer, RS/6000 520 model, database license equipment for SICOFI including license contracting for the development and implementation of applications and training and maintenance of a database manager; equipment for training material for the EQUIPA component; and miscellaneous costs.

Financial data

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Personnel	664 100
Subcontract	2 723 200
Equipment	804 400
Miscellaneous	42 900
Total	4 234 600

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